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## Mexico

## Sugar

## Sugar Annual

## 2007

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**Report Highlights:**

Post estimates MY 2007/08 sugar production will reach 5.61 million metric tons (MMT) raw value (RV). Sugar production estimates for MY 2006/07 were revised downward to 5.3 MMT-RV due to adverse weather conditions. Sugar imports are forecast to be about 308,000 MT-RV for MY 2007/08 and import estimates for MY 2006/07 were revised upward to 400,000 MT-RV. Sugar exports for MY 2006/07 are estimated at 90,000 MT and 200,000 MT for MY 2007/08. Production and imports of HFCS are not expected to grow as much for CY 2007 as they did in CY2006.

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Includes PSD Changes: Yes  
Includes Trade Matrix: No  
Annual Report  
Mexico [MX1]  
[MX]

## Table of Contents

<b>SECTION I. SITUATION AND OUTLOOK .....</b>	<b>3</b>
SUGAR PRODUCTION .....	3
<b>SUGAR PRICES .....</b>	<b>4</b>
SUGARCANE PRODUCTION .....	4
SUGARCANE PRICES .....	5
HFCS PRODUCTION .....	6
SUGAR AND HFCS CONSUMPTION .....	7
SUGAR TRADE .....	8
HFCS TRADE .....	9
STOCKS .....	9
POLICY .....	9
<b>SECTION II. STATISTICAL TABLES .....</b>	<b>13</b>
CENTRIFUGAL SUGAR TABLE .....	13
SUGAR CANE FOR CENTRIFUGAL .....	13
SUGAR PRICES .....	14
SUGAR TARIFFS .....	15

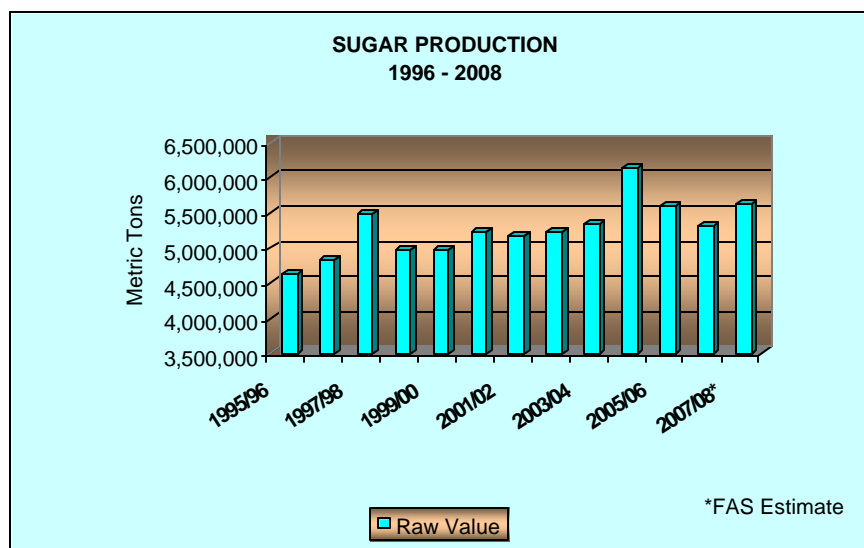
## SECTION I. SITUATION AND OUTLOOK

### SUGAR PRODUCTION

The Mexican Sugar Chamber, which provides its data to the GOM to produce official statistics, has not yet set a sugar production estimate for MY 2007/08 (October/September). However, FAS/Mexico estimates production at 5.61 million metric tons (MMT) raw value (RV) based on slightly increased planted area and, more importantly, a return to average yields. As always, this final production figure will ultimately depend on timely maintenance of the sugar mills, harvest conditions, and weather throughout the growing season. Another factor to watch is the effect of the recently announced National Program for Sugar Cane (PRONAC- by its Spanish acronym), which plans to restructure the sugar agro-industry. Areas of reform include: labor contracts, cane prices to producer, incentives to increase sugar production, and a lowering of costs of production in order to be competitive.

Sugar production for MY 2006/07 has been irregular, lagging behind the pace of previous years as overall weather conditions have affected and delayed harvesting. In particular, rainfall has affected large producing areas in Veracruz and San Luis Potosi thus resulting in production lags and a somewhat decreased sucrose content in cane. In addition, the harvesting season began late in November 2006 due to a mill and cane growers strike and then was interrupted again in January 2007 due to the threat of another strike, causing mills to adjust their operations. The sugar mill industry is hoping to extend the harvesting season a few weeks from May to June, if weather allows, to recover some of the lagging production.

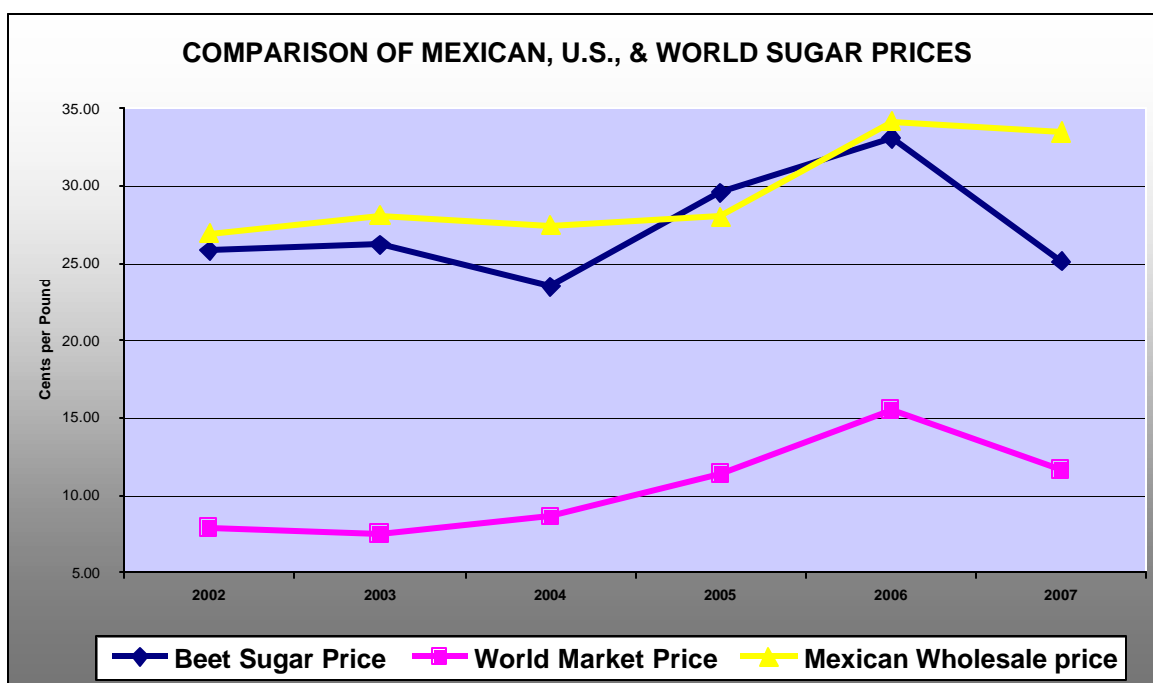
Given the above, FAS-Mexico has revised sugar production estimates downward to 5.3 MMT-RV for MY 2006/07. (Sugar production estimates from the Mexican industry range from 5.0 to 5.5 MMT-RV). The new total represents a decline of 304,000 tons from the previous year, and nearly 850,000 tons from the production in MY 2004/05. Driving the decline is the reduction in mill yields. Yields for MY 2006/07 are expected to be 10.7 percent, lower than MY 2005/06 yields of 11.17 percent. MY 2005/06 sugar production estimates remain unchanged from previous estimates at 5.6 MMT-RV.



Source: Comité de la Agroindustria Azucarera

## SUGAR PRICES

Mexican sugar prices have remained relatively high during the current marketing year. For example, wholesale Mexican sugar prices in February were approximately 28.46 cents/lb for standard sugar and 33.29 cents/lb for refined sugar. As a comparison, during that same period, the U.S. beet sugar refined price was 25 cents/lb and the world refined sugar price was 14.92 cents/lb. Recently, domestic prices for sugar have been decreasing slightly due to the harvesting season, but the price drop is expected by many to stop as soon as sugar stocks begin to decline with the end of the harvest. Some in the industry are even predicting that prices will soon rise given the low level of production and demand that, according to industry sources, has remained strong. Although, over the remaining months of the marketing year, prices will also depend heavily on Mexican import policy decisions determining the amount and type of sugar and sweeteners it allows to enter into Mexico. In the longer term, prices will be impacted by the duty-free trade between the U.S. and Mexico beginning in January 2008 which will allow sweeteners from one country to flow into the other if price differentials become too large.



Source: U.S. Beet Sugar Price: Milling and Baking News; World Refined Sugar Price: New York Board of Trade; Mexican Wholesale Refined Price: SNIIM-Ministry of Economy

## SUGARCANE PRODUCTION

Virtually all sugarcane goes to the production of centrifugal sugar. The sugarcane harvest normally occurs between November and May. On average sugar yields have been increasing due to improvements in harvesting and milling techniques and coordination and assistance between mill owners and producers.

Planted sugarcane area to be industrialized for MY 2007/08 is forecast at about 675,000 hectares (ha), slightly above the previous year. Planted area for MY 2005/06 and 2006/07

were revised upward based on industry information to 664,000 ha and 668,000 ha respectively.

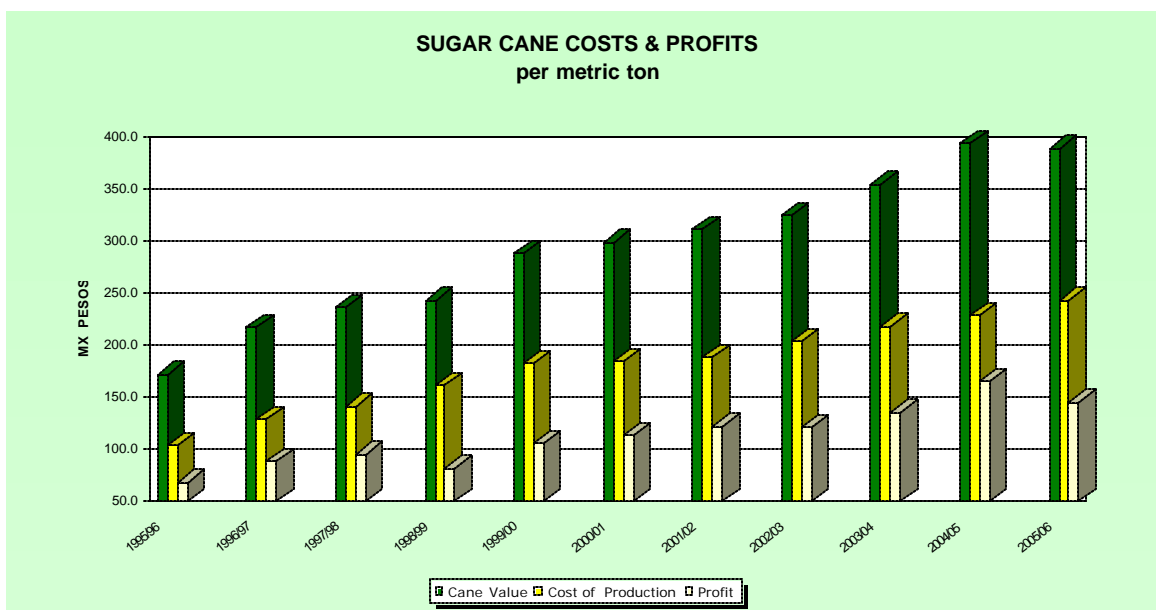
Sugarcane production for MY 2007/08 is expected to be higher compared to MY 2006/07 production with average weather conditions. Cane production for MY 2006/07 was revised downward due to adverse weather conditions and a late start for harvesting. Sugarcane production for MY 2005/06 was revised downward based on official data. Sugarcane costs of production vary according to the region, ranging from 10,000 to 22,000 pesos/ha. (US\$909 to \$2,000/ha.).

There are currently 58 sugar mills spread across 15 of Mexico's 32 states. The state of Veracruz has the heaviest concentration of mills with 22, accounting for more than one-third of the total. The next highest concentration is in the state of Jalisco with 6 mills. Overall, there are 11 private sugar groups with more than one mill, the government group with 13 mills, and 8 mills that are not in a group but working independently. (See Table I)

Ownership of the land cultivated with sugarcane in Mexico is largely by small individual growers or through communal ownership called "ejidos". Sugarcane farmers total over 164,000 and "ejidos" farms are usually between 3 to 5 hectares in size. Historically mill companies have not owned land. While revisions in the Agrarian Law in 1992 allowed for some accumulation of land holdings, the current production structure remains dominated by the ejido system. Growers are organized within two major unions, the CNC (National Sugarcane Growers) and CNPR (National Union of Sugarcane Growers) representing over 95 percent of all cane growers. All growers have a contract to deliver their cane to the mills, and they receive technical support and agrochemicals to grow their cane.

## SUGARCANE PRICES

According to current regulations, approximately 57 percent of a set reference price of standard sugar is paid to growers for their sugarcane. This general formula for determining grower sugarcane prices had been in place since 1993, and although revoked along with the old Sugar Law, it was reenacted within the Sugar Law published in August 2005 (See policy section). However, this Law has to be amended by the Congress and until that happens the sugar industry has been left with an uncertain legal framework, leaving the exact process for determining the reference price uncertain. Nevertheless, during November 2006, the National Association of Sugarcane Producers and the Chamber for the Sugar and Alcohol Industries reached an agreement on the price for cane for MY 2006/07 that prevented this sector from going on strike. The reference price of standard sugar for MY 2006/07 was raised to \$5,996.13 pesos/MT (US\$545.10/MT) from a price of \$ 5,759 pesos/MT (US\$514.20/MT) that was agreed upon for MY 2005/06. Also, as part of the negotiations in setting the MY 2006/07 sugarcane price, the mills agreed to pay cane growers by January 31, 2007 an additional 3% of the value of cane purchased in MY 2005/06. This extra payment along with general cash needs to fund milling operations led to liquidity problems, forcing some sugar mills to sell a portion of their sugar at lower prices.



Source: Comité de la Agroindustria Azucarera

## HFCS PRODUCTION

High fructose corn syrup (HFCS) production for CY 2007 is expected to be similar to that of CY 2006 or about 400,000 to 450,000 MT dry basis, as rising corn prices and continuing uncertainty on overall Mexican sweetener policy may limit investment in additional production capacity needed to increase domestic production. Before 2007, HFCS production was limited due to the 20 percent special tax imposed on beverages made with sweeteners other than sugar. Then in 2006 production was stimulated by the provision of court injunctions (Amparos), which allowed bottling companies to use domestic and imported (U.S. and Canadian) HFCS without being subject to the 20 percent tax on HFCS. The Mexican Congress that took office on September 1, 2006 eliminated the special tax on HFCS beginning on January 1, 2007. It remains to be seen how the industry will react to future investment as the sweetener market in both the U.S. and Mexico continues to evolve.

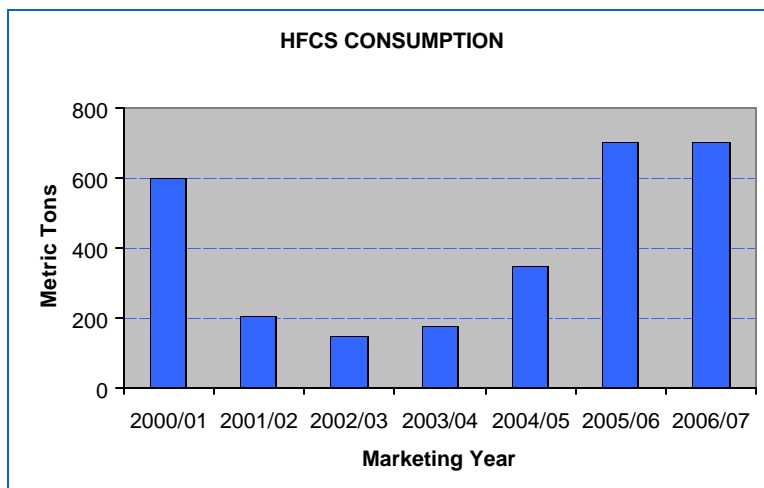
According to IDAQUIM, the industry group representing the HFCS producers, this industry consumes about 2.5 million tons of yellow corn of which 25 to 30 percent was supplied under forward contract purchases of domestic production. According to sources, the industry will continue to work with corn-contracts to supply part of their needs. The greatest use of the program occurred in MY 2005/06 when the industry had contracts for about one million metric tons of corn, of which about 70 percent was delivered.

The GOM has continued to encourage forward contract purchases between farmers and yellow corn buyers in an attempt to influence production patterns (see MX2037, MX3028, and MX5022). For the 2006/07-fall/winter-crop cycle, for example, SAGARPA officials brokered an agreement between Tamaulipas growers and private buyers for the forward contract of approximately 250,000 MT of yellow corn. According to official sources, at the national level, total yellow corn production was approximately 1.330 MMT in MY 2005/2006. For MY 2006/2007 the same sources estimated that production will reach 1.685 MMT. It is expected that this trend will continue for the next few years, as the GOM recently announced that it would continue to support the forward contracts program through 2012 (See Report MX 7024).

Imported corn for the industry is brought under corn import quota allocations under NAFTA with duties that have been either zero (in quota) or a special one percent (out of quota) in recent years. The starch and fructose industry import about 2.0 million MT of yellow corn, however it is uncertain how the higher international prices and demand will affect imports for CY 2007. The United States will remain the main supplier of corn to Mexico for the foreseeable future. Since the implementation of NAFTA on January 1, 1994, the over-quota bound tariff on corn has been reduced from 206.4 percent to 18.2 percent, and the TRQ has increased from 2.5 MT to 3.672 MMT for CY 2007. At the same time, Mexico has converted its import licensing system to a transitional tariff rate quota for the U.S. and Canada. The TRQ will remain in effect for less than one year, and trade will be fully liberalized on January 1, 2008. (See Report MX7024)

## SUGAR AND HFCS CONSUMPTION

FAS-Mexico estimates MY 2007/08 sugar for domestic human consumption at 5.37 MMT, continuing the trend of small incremental increases in sugar consumption. It is uncertain how large the impact of the 2008 opening of NAFTA will be on sugar consumption, but as trade in all sweeteners is completely liberalized it is expected that competition from HFCS will limit the growth in sugar consumption. The sugar estimate for human domestic consumption for MY 2006/07 has been revised to 5.35 MMT-RV based on information from the sugar industry, while the estimate for sugar consumption for MY 2005/06 was revised upward from previous estimates to 5.33 MMT-RV. According to different sources, the soft drink industry sugar consumption estimate for MY 2005/06 was between 1.6 and 1.7 MMT, and the forecast for MY 2006/07 consumption is at about the same level. It should be noted that there is no complete source for sugar consumption in Mexico and estimates from different sources can vary substantially, including many industry sources that believe that sugar consumption is higher than reported values.



HFCS consumption for CY 07 is estimated to be between 650,000 and 750,000 MT dry basis, however increasing prices of imported HFCS and imported corn could limit demand of this product. Consumption for CY 2006 of HFCS was about 650,000 MT to 750,000 MT encouraged by demand from the soda-drink bottlers holding court injunctions to use HFCS in beverages, and the expected removal of the 20-percent tax on HFCS-containing beverages. As in sugar, it is uncertain how large an impact the 2008 NAFTA opening that removes restrictions on the amount of duty free HFCS that can enter into Mexico will have on HFCS

consumption. However, overall consumption is likely to increase under completely liberalized trading conditions if HFCS maintains its historical price advantage over sugar.

## SUGAR TRADE

Mexican sugar exports are forecast for MY 2007/08 at 200,000 MT-RV. This estimate will be dependent not only on the final production figure in Mexico, but also on the extent of substitution of sugar for alternative domestic and imported sweeteners as discussed above. As for the sugar export estimate for MY 2006/07, the sugar industry and the sugar-end users have differing perceptions on the sugar export estimate. While the sugar industry has maintained that sugar exports will be close to 400,000 MT, other users claim that there is a shortage and are requesting import quotas to cover demand. Given the production estimate of 5.3 MMT-RV, FAS-Mexico has revised its estimate for Mexican sugar exports for MY 2006/07 to 90,000 MT-RV from previous estimates.

The unexpected need of the U.S. to import more sugar than originally planned and a surplus of sugar in Mexico allowed for higher sugar exports in MY 2005/06. In July 2006, negotiations between the U.S. and Mexico led to duty-free entry of sugar to the U.S. of 250,000 MT-RV during FY 2007, and at least 175,000 MT-RV from October 1, 2007 through December 31, 2007. This duty free access of sugar plus other exports under the U.S. global refined sugar TRQ for entry on a first-come, first-served basis, and exports under the NAFTA high-tier tariff schedule have now increased MY 2005/06 total exports upward to a revised 871,000 MT-RV.

Under NAFTA for 2006, the high-tier tariff on raw sugar from Mexico entering the U.S. was 3.02 cents a pound and on refined sugar it was 3.20 cents a pound. For 2007 this tariff dropped to 1.51 cents a pound for raw sugar and 1.60 cents a pound for refined sugar and will reach zero in calendar year 2008.

Sugar use under the “other disappearance” category which is mainly the Mexican re-export program, now called Decree for the Development of the Manufacturing, Maquila and Export Services Industry (IMMEX), is forecast at 335,000 MT raw value for MY 2007/08. (Note: The program was formally known as PITEX, although it is essentially the same program). The IMMEX program allows sugar to be sold as raw material for further processing to Mexican food manufacturers, who buy the sugar either from the Mexican sugar mills at international prices adjusted for import and transportation costs or, if allowed, through imports. These food manufacturers must then process the sugar within six months of the date of purchase and must export the final processed product. Given this process, the GOM classifies the sugar sold under the IMMEX program as exports. According to the sugar industry, the estimates of sugar used for MY 2005/06 and 2006/07 decreased from previous estimates due to lower-than-expected demand from the industry users.

Sugar import estimates are forecast for MY 2007/08 at 308,000 MT-RV. This estimate will also be dependent on substitution by alternative domestic and imported sweeteners. Also, as stated above with sugar exports, the sugar industry and sugar-end users differ on the sugar import estimates for MY 2006/07. While the sugar industry believes that there will be enough sugar to cover domestic demand, except for IMMEX industries, other users claim that there is a shortage and are requesting import quotas to cover demand. FAS-Mexico estimates sugar imports for MY 2006/07 at 400,000 MT-RV, an upward revision from previous estimates primarily due to the decrease in production. However, sugar imports will depend heavily on the final sugar production volume. Recently the Secretariat of Economy (SE) indicated that they will wait until May to determine if domestic sugar production is sufficient to cover domestic demand or if it will be necessary to open import sugar quotas.



Sugar import estimates for MY 2005/06 were revised upward based on trade information. Imported sugar is mainly used for the *maquila* and IMMEX industries.

*Note: Most of the refined sugar imported into Mexico has been classified by customs into the HTS 1701.99 category, corresponding to "other pure sucrose". It has also been confirmed that U.S. sugar exports for Mexico were classified under the same category.*

## HFCS TRADE

With the elimination of the special tax on beverages made with sweeteners other than cane sugar and the July 2006 agreement between the U.S. and Mexican governments to exchange access of 250,00 MT of Mexican sugar into the U.S. market for access of the same quantity of U.S. HFCS to the Mexican market, the expectations were that higher volumes of HFCS would be imported. In fact, imported HFCS, particularly under HTS category 1702.60, increased from 116,081 MT in MY 2004/05 to 308,475 MT commercial basis for MY 2005/06. Imports under HTS category 1702.40 also increased from 34,062 MT to 41,326 MT for MY 2005/06. However, given the current economical and political situation, domestic corn production, the United States' demand of corn for ethanol production, and the 250,000 limit on duty free imports of HFCS from the United States in MY 2006/07 increases in HFCS consumption and imports are expected to be somewhat limited. Therefore, import estimates of HFCS for MY 2006/07 are expected to be similar to imports in MY 2005/06 at about 350,000 MT commercial basis. HFCS imported from the U.S. remains subject to an import permit requirement (See report MX 5103), however with at least 175,000 MT of access granted for Oct-Dec 2007 and the lifting of all restrictions after January 1, 2008, HFCS imports are expected to increase for MY 2007/08

## STOCKS

Stocks for MY 2007/08 are forecast at 1.31 MMT-RV, which maintains a relatively low level of strategic reserves given monthly consumption trends. Ending stocks for MY 2006/07 have also been revised downward to 1.29 MMT raw value due to the expected lower production volume. However, this stock level could change depending on the Mexican import/export strategy, as well as, final sugar production levels. Sugar stock levels for MY 2005/06 were revised downward due to larger sugar exports, mainly to the United States.

## POLICY

The Mexican government and the sugar industry face some unresolved and new issues pertaining to their domestic and international policies toward sugar. Challenges include implementation of NAFTA provisions by 2008; the amendment of the sugar law still in the Congress waiting a decision from the Mexican Supreme Court; the launching of the new National Sugar Program – PRONAC, by President Calderon's government; and the privatization of 13 sugar mills.

1) In anticipation of the NAFTA opening for sweeteners in 2008, the United States and Mexico have reached an agreement on market access for sweeteners. That agreement, set forth in an exchange of letters dated July 27, 2006, provides Mexico duty-free access to the United States for 250,000 metric tons raw value of raw or refined sugar in FY 2007 and at least 175,000 (and up to 250,000) metric tons raw value of raw or refined sugar for the first three months of FY 2008 (Oct. 1 through Dec. 31, 2007). Under the agreement, Mexico will provide reciprocal access for U.S. high fructose corn syrup (HFCS), including 250,000 metric tons in FY 2007 and at least 175,000 (and up to 250,000) metric tons for the first three months of FY 2008 (Oct. 1 through Dec. 31, 2007). Mexico will also establish, for the first time under NAFTA, a duty-free quota for U.S. sugar of not less than 7,258 metric tons raw

value for each of marketing years (Oct.-Dec.) 2006, 2007, and the first three months of 2008 (Oct 07-Dec. 07). Mexico had previously withheld the establishment of such a quota under NAFTA due to the longstanding trade dispute over sugar. In addition, under the agreement Mexico also eliminated the 20-percent duty assessed to beverages that used sweeteners other than sugar on January 1, 2007.

2) The past administration canceled the old sugar legislation (see report MX5005) in an attempt to establish other mechanisms that would make the Mexican sugar sector more competitive. However, competing political forces, including the sugarcane associations, successfully lobbied against the administration's proposals. The result was the creation of a Sugar Law that included most of the principles the old sugar legislation used to regulate the sugar sector. This new Sugar Law limits market influence on prices for sugarcane and leaves the payment for sugarcane as it was, regulated by federal decree. (Although the decree provides a formula for setting the sugar price from the previous year that is then used to determine the sugarcane price, the final price is usually subject to some level of negotiations between cane producers and mills). The Mexican Congress approved the Sugar Law in June 2005 to take the place of the old legislation revoked by President Fox. However, the government and the sugar mill industry did not wholly agree with this decision. After protracted negotiations, the Secretariat of Agriculture (SAGARPA), and the Agricultural Commissions from the Congress signed a political agreement that committed the Congress to making minor modifications to the Law in exchange for SAGARPA's withdrawal of opposition to the final passage. However, the Congress did not amend the Sugar Law as agreed leaving the sugar industry with an uncertain legal framework. Currently, the Supreme Court is reviewing the legislation and both the Calderon administration and the Congress are awaiting its decision before moving forward with any form of implementation. In fact, several mills already have *amparos* (court injunctions) against this Law, which further complicates the issue of implementation. Some analysts believe that the new National Sugar Program from the Calderon administration will take precedence over the Sugar Law and eventually form the basis for new legislation.

3) The GOM announced in February 2007 a Program of Competitiveness of Strategic Commodities in NAFTA for beans, corn, milk and sugarcane. Under this umbrella program, a new National Program for the Sugar Cane Agroindustry (PRONAC – by its Spanish acronym) would be launched to set national goals and give financial support to the sugar agroindustry in an effort to increase both sugar production and trade. This program was officially announced on April 24, 2007. The National Program will be looking toward increasing productivity of both sugarcane and sugar to be able to export more sugar and begin to change some rain fed cane area into irrigated area. PRONAC will seek to strengthen commercial activity, increase cane production by 2.3 percent per year and sugar production by 3.3 percent per year, convert about 76,000 rain fed hectares into irrigated areas, and increase investment and employment. The overall goal of this program is that by 2012 Mexico will produce 6.6 MMT raw value of sugar, including 890,000 MT raw value for export purposes and to produce about 60.7 million tons of sugar cane, up from the 47.3 MMT that are currently produced, including 6.5 million tons of sugar cane for ethanol production.

The Mexican industry and government officials recognize the need to diversify the sugar industry and PRONAC foresees the participation of the industry in bioenergy production, seeking to be able to produce about 7,840 barrels a day of ethanol by 2012. Currently, most of the sugar cane production goes into the production of sugar. The sugar industry has been pushing the government to develop a bio-ethanol industry as a key part of diversification. Many have pointed out that successful development requires substantial investment in plants and infrastructure as well as the participation of Mexico's energy sector. Meanwhile, under the Competitiveness Program for the Sugar Industry, announced by SE, two plants are being built to produce ethanol, one plant using sugarcane and the other using corn. Also, private

companies are already working on the design of ethanol production plants, seeking investment and potential markets for the ethanol. Some local governments are also indicating that they will provide some “supports” to produce ethanol based on sugarcane. Furthermore, the Congress just passed the Biofuels Law, April 26, 2007, that contains a comprehensive biofuel policy that will promote ethanol production from sugar cane and corn among other alternative fuels.

4) The new government is expected to manage the return of the last 13 of Mexico’s 27 government-owned sugar mills back to private ownership, since the Supreme Court of Justice (SCJ) declared that the entire expropriation of the nation’s sugar mills by the government in 2001 was unconstitutional, and ordered the Secretariat of Agriculture (SAGARPA) to return the mills to their original owners. As soon as this happens the government’s mills management (FEESA) and sugar trade (FICO) offices will have to be dismantled. (Current list of sugar mills in Table I).

TABLE I

<b>SUGAR MILLS Operating for MY 2006/07</b>			
<b>SUGAR MILLS BY OWNERSHIP</b>	<b>STATE</b>	<b>SUGAR MILLS BY OWNERSHIP</b>	<b>STATE</b>
<b>FEDERAL GOVERNMENT MILLS</b>		<b>MACHADO II</b>	
Atencingo	Puebla	El Refugio	Oaxaca
Casasano	Morelos	Motzorongo	Veracruz
El Modelo	Veracruz		
El Potrero	Veracruz	PORRES	
Emiliano Zapata	Morelos	Huixtla	Chiapas
Jose Ma. Morelos	Jalisco	Santa Clara	Michoacan
La Joya	Campeche		
La Providencia	Veracruz	PIASA	
Plan de San Luis	San Luis Potosi	A. Lopez Mateos	Oaxaca
San Cristobal	Veracruz	Tres Valles	Veracruz
San Miguelito	Veracruz		
San Pedro	Veracruz	SAENZ	
Santa Rosalia	Tabasco	Aaron Saenz	Tamaulipas
		El Mante	Tamaulipas
<b>AGA-ZUCAR</b> (for commercial purposes only)		Tamazula	Jalisco
Los Mochis	Sinaloa		
Puga	Nayarit	<b>SANTOS</b>	
		Alianza Popular	San Luis Potosi
<b>BETA SAN MIGUEL</b>		Bellavista	Jalisco
Constancia	Veracruz	Cuatotolapam	Veracruz
Queseria	Colima	Pedernales	Michoacan
San Fco. Ameca	Jalisco	Plan de Ayala	San Luis Potosi
San Miguel del Naranjo	San Luis Potosi	San Gabriel	Veracruz
San Rafael de Pucte	Quintana Roo		
		<b>ZUCARMEX</b>	
<b>GARCIA GONZALEZ</b>		El Higo	Veracruz
Calipam	Puebla	La Primavera	Sinaloa
El Carmen	Veracruz	Mahuixtlan	Veracruz

<b>SUGAR MILLS Operating for MY 2006/07</b>			
<b>SUGAR MILLS BY OWNERSHIP</b>	<b>STATE</b>	<b>SUGAR MILLS BY OWNERSHIP</b>	<b>STATE</b>
Nuevo San Francisco	Veracruz	Melchor Ocampo	Jalisco
		Pujilic	Chiapas
<b>GRUPO AZUCARERO MEXICO (GAM)</b>			
El Dorado	Sinaloa		
Lazaro Cardenas	Michoacan		
Presid. Benito Juarez	Tabasco		
Tala (J.M.Martinez)	Jalisco		
<b>MACHADO I (Grupo la Margarita)</b>			
Central Progreso	Veracruz		
Pablo Machado	Oaxaca		
Zapoapita	Veracruz		
<b>NOT IN A GROUP</b>			
Azuremex-T	Tabasco		
El Molino	Nayarit		
Independencia	Veracruz		
La Concepcion	Veracruz		
La Gloria	Veracruz		
San Jose de Abajo	Veracruz		
San Nicolas	Veracruz		
Santo Domingo	Oaxaca	this mill is not operating	

SOURCE: Comité de la Agroindustria Azucarera

## SECTION II. STATISTICAL TABLES

## CENTRIFUGAL SUGAR TABLE

<b>Mexico</b>									
<b>Sugar, Centrifugal</b>									
(1000 MT)									
	2006 Revised			2007 Estimate			2008 Forecast		
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin	10/2005	10/2005	10/2005	10/2006	10/2006	10/2006	10/2007	10/2007	10/2007
Beginning Stocks	2045	2045	2045	1515	1372	1364	0	0	1295
Beet Sugar Production	0	0	0	0	0	0	0	0	0
Cane Sugar Production	5604	5604	5604	5650	5750	5300	0	0	5618
Total Sugar Production	5604	5604	5604	5650	5750	5300	0	0	5618
Raw Imports	3	3	8	1	1	8	0	0	8
Refined Imp.(Raw Val)	162	79	234	199	359	392	0	0	300
Total Imports	165	82	242	200	360	400	0	0	308
Total Supply	7814	7731	7891	7365	7482	7064	0	0	7221
Raw Exports	290	290	350	40	40	10	0	0	10
Refined Exp.(Raw Val)	430	390	521	280	280	80	0	0	190
Total Exports	720	680	871	320	320	90	0	0	200
Human Dom. Consumption	5200	5300	5333	5200	5400	5350	0	0	5374
Other Disappearance	379	379	323	350	350	329	0	0	335
Total Use	5579	5679	5656	5550	5750	5679	0	0	5709
Ending Stocks	1515	1372	1364	1495	1412	1295	0	0	1312
Total Distribution	7814	7731	7891	7365	7482	7064	0	0	7221

## SUGAR CANE FOR CENTRIFUGAL

<b>Mexico</b>									
<b>Sugar Cane for Centrifugal</b>									
(1000 HA) (1000 MT)									
	2006 Revised			2007 Estimate			2008 Forecast		
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin	11/2005	11/2005	11/2005	11/2006	11/2006	11/2006	11/2007	11/2007	11/2007
Area Planted	663	663	664	663	663	668	0	0	675
Area Harvested	657	635	659	657	657	645	0	0	660
Production	48000	47283	47290	50000	50000	46500	0	0	47600
Total Supply	48000	47283	47290	50000	50000	46500	0	0	47600
Utilization for Sugar	48000	47283	47290	50000	50000	46500	0	0	47600
Utilizatn for Alcohol	0	0	0	0	0	0	0	0	0
Total Utilization	48000	47283	47290	50000	50000	46500	0	0	47600

## SUGAR PRICES

AVERAGE SUGAR PRICES UNITS: 50 KG. BULK/PESOS						
MONTH	STANDARD		CHANGE %	REFINED		CHANGE %
	2005	2006		2005	2006	
January	322.70	280.40	(13.10)	340.00	332.80	(2.11)
FEBRUARY	312.00	275.60	(11.66)	339.50	332.75	(1.98)
MARCH	306.00	273.00	(10.78)	335.60	350.00	4.29
APRIL	306.00	292.50	(4.41)	339.00	355.00	4.71
MAY	305.25	326.65	7.01	338.80	375.60	10.86
JUNE	304.10	356.00	17.06	335.75	412.00	22.71
JULY	297.25	356.00	19.76	335.75	415.25	23.67
AUGUST	300.00	458.00	52.66	333.00	459.70	38.04
SEPTEMBER	289.00	440.75	52.50	330.75	532.60	61.02
OCTOBER	284.10	395.85	39.33	331.00	486.20	46.88
NOVEMBER	283.50	386.25	36.24	335.60	435.75	29.84
DECEMBER	282.50	374.35	32.51	335.10	424.75	26.75
CIF Mexico City						

2005 Avg. Exchange Rate US\$1.00=\$ 10.90 pesos

2006 Avg. Exchange Rate US\$1.00=\$10.89 pesos

AVERAGE SUGAR PRICES UNITS: 50 KG. BULK/PESOS						
MONTH	STANDARD		CHANGE %	REFINED		CHANGE %
	2006	2007		2006	2007	
January	280.40	361.40	28.88	332.80	412.55	23.96
FEBRUARY	275.60	348.00	26.26	332.75	410.00	23.21
MARCH	273.00	347.10	27.14	350.00	400.25	14.35
APRIL	292.50	341.00	16.92	355.00	398.80	13.38
MAY	326.65	N/A	N/A	375.60	N/A	N/A
JUNE	356.00	N/A	N/A	412.00	N/A	N/A
JULY	356.00	N/A	N/A	415.25	N/A	N/A
AUGUST	458.00	N/A	N/A	459.70	N/A	N/A
SEPTEMBER	440.75	N/A	N/A	532.60	N/A	N/A
OCTOBER	395.85	N/A	N/A	486.20	N/A	N/A
NOVEMBER	386.25	N/A	N/A	435.75	N/A	N/A
DECEMBER	374.35	N/A	N/A	424.75	N/A	N/A
CIF Mexico City						

Source: Servicio Nacional de Informacion de Mercados SNIIM-ECONOMIA

[http://www.economia-sniim.gob.mx/Sniim-an/e\\_SelAzu.asp?](http://www.economia-sniim.gob.mx/Sniim-an/e_SelAzu.asp?)

2006 Avg. Exchange Rate US\$1.00=\$ 10.89 pesos

2007 Avg. Exchange Rate April 17, 2007 US\$1.00=\$11.00 pesos

## SUGAR TARIFFS

MEXICAN SUGAR IMPORT TARIFFS			
H.T.S. TARIFF # SUBHEADING	NAFTA TRQ FOR 7,258 MT FOR U.S. COMMODITIES DOLLARS/Kg ① (09/13/06 TO 12/31/07)	NAFTA TARIFFS NOT UNDER THE TRQ DOLLARS/Kg ②	SPECIFIC TARIFF FOR THIRD COUNTRIES DOLLARS/Kg
1701.11.01	0	0.2704	0.338
1701.11.02	0	0.2704	0.338
1701.11.03	0	0.2704	0.338
1701.12.01	0	0.2880	0.36
1701.12.02	0	0.2880	0.36
1701.12.03	0	0.2880	0.36
1701.91.01	0	0.2880	0.36
1701.99.01	0	0.2880	0.36
1701.99.02	0	0.2880	0.36
1701.99.99	0	0.2880	0.36
1806.10.01	0	0.2880	0.36
2106.90.05	0	0.2880	0.36

## Notes:

① To have this preferential treatment, the importer must have an import quota permit issued by SE, imported products must be qualified products from U.S origin according to NAFTA, and the importer must provide a written statement from the exporter that certifies that the product has not benefited from the U.S. Sugar Re-export Program .

② The sugar importer must have a written statement from the exporter that certifies that the product has not benefited from the U.S. Sugar Re-export Program. If the importer has this statement, and is not importing under the TRQ then the sugar will be subject to duty on the third column. Otherwise, the product will be subject to the tariff in column four which is the General Import Tariff Law.

1995-2007 MONTHLY EXCHANGE RATE AVERAGES													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Avg.
1995	5.58	5.66	6.75	6.25	5.98	6.22	6.13	6.20	6.31	6.72	7.68	7.67	6.43
1996	7.50	7.51	7.57	7.47	7.43	7.55	7.62	7.51	7.54	7.70	7.91	7.87	7.60
1997	7.83	7.79	7.96	7.91	7.91	7.95	7.88	7.78	7.78	7.83	8.28	8.13	7.92
1998	7.83	7.69	8.97	8.09	7.76	9.33	9.75	9.31	9.73	10.64	10.53	9.91	9.13
1999	9.20	9.05	10.68	8.98	8.50	9.98	9.81	9.84	8.89	9.55	10.98	9.91	9.62
2000	9.48	9.44	9.29	9.38	9.51	9.82	9.44	9.28	9.34	9.98	9.51	9.91	9.53
2001	9.76	9.70	9.60	9.33	9.14	9.09	9.15	9.12	9.40	9.45	9.25	9.16	9.35
2002	9.16	9.10	9.07	9.14	9.49	9.75	9.79	9.83	10.05	10.09	10.19	10.21	9.82
2003	10.60	10.93	10.92	10.62	10.25	10.50	10.45	10.76	10.93	11.17	11.13	11.26	10.79
2004	10.93	11.01	11.00	11.26	11.52	11.38	11.47	11.40	11.49	11.39	11.38	11.21	11.29
2005	11.26	11.14	11.14	11.12	10.98	10.83	10.69	10.68	10.78	10.83	10.68	10.63	10.90
2006	10.56	10.48	10.73	11.03	11.08	11.39	11.00	10.87	10.89	10.90	10.90	10.85	10.89
2007	10.94	10.99	11.12	10.99									11.01
Source: Mexican Federal Register													
Note: Monthly rates are averages of daily exchange rates from the Banco de Mexico.													
As of april 20, 2007													